

VZCZCXYZ0002  
RR RUEHWEB

DE RUEHBU #0259/01 0691836  
ZNY CCCCC ZZH  
R 101836Z MAR 09  
FM AMEMBASSY BUENOS AIRES  
TO RUEHBJ/AMEMBASSY BEIJING 0298  
RUEHC/SECSTATE WASHDC 3196  
INFO RUCNMR/MERCOSUR COLLECTIVE  
RUEAIIA/CIA WASHINGTON DC  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC

C O N F I D E N T I A L BUENOS AIRES 000259

SIPDIS

WHA FOR A/S SHANNON

E.O. 12958: DECL: 03/04/2029  
TAGS: [ECON](#) [EFIN](#) [ETRD](#) [SENV](#) [PREL](#) [CH](#) [AR](#)  
SUBJECT: ARGENTINA: CONTINUING THE DIALOGUE WITH CHINESE  
AMBASSADOR ZENG GANG

Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) & (d)

¶1. (C) Summary: Ambassador Wayne met with Chinese Ambassador to Argentina Zeng Gang to review the results of Chinese Vice Premier Hui Liangyu's February 8-12 official visit to Argentina and to take the temperature of the overall status of China's bilateral relationship with Argentina. Zeng was friendly and engaging, providing a balanced assessment of Hui's visit. Zeng identified Hui's audiences with Argentine President Cristina Fernandez de Kirchner (CFK) and Cabinet Chief Sergio Massa as the highlights of the visit, signaling to the Chinese that Argentina was paying increased attention to its relationship with China. However, Zeng acknowledged that the accords signed were largely pro forma, and that China and Argentina had significant differences over trade figures. A subsequent interview in "La Nacion" featuring the Chinese Embassy's Economic and Commercial Counselor further emphasized these differences. The ambassadors exchanged respective experiences working with the Argentine government to facilitate the entry of commercial goods into Argentina. Finally, the ambassadors discussed the economic crisis, U.S. policy on Latin America, and trade issues. End Summary.

¶2. (C) Ambassador Wayne met March 2 with Zeng, former Director General of the Chinese MFA's Department of Latin American and Caribbean Affairs and an interlocutor of WHA A/S Shannon. Ambassador Wayne passed good wishes from A/S Shannon and said he had asked that the Ambassador seek a readout of Vice Premier Hui's visit. Zeng asked the Ambassador to pass his warm regards to A/S Shannon.

(C) HUI DELEGATION: MARGINAL SUBSTANCE  
-----

¶3. (C) Zeng said Hui's visit marked the first occasion that a Chinese leader met with an Argentine head of state since ¶2004. Zeng joked that he has the impression that it is much easier for U.S. leaders to meet with Argentine President Cristina Fernandez de Kirchner (CFK) than for Chinese leaders. As such, Hui's audiences with CFK and Cabinet Chief Sergio Massa were the highlights of the trip, and the Chinese assessed that this meeting with CFK signaled Argentina was paying increased attention to the relationship with China.

¶4. (C) Zeng acknowledged the signature of four accords during the visit, as published in media coverage. According to Zeng, these agreements focused on strengthening bilateral relations, although Zeng acknowledged they were pro-forma Memorandums of Understanding (MOUs) without any concrete details. For the Chinese, the agreements represented mutual agreement and support. The Chinese recognized Argentine sovereignty of the Falkland/Malvinas Islands in search of GOA support for China on the "problems" of Taiwan and Tibet.

Finally, as in media accounts of the visit, the Chinese expressed their gratitude to Argentina for assistance in the wake of the Sichuan quake and during the (relatively quiet) passage of the Olympic torch through Argentina in 2008. Hui also visited San Carlos de Bariloche, Neuquen, and Calafate, Santa Cruz (the Patagonian home of the first couple) during his visit to Argentina, ostensibly due to his leadership role in China on climate change.

#### (C) TRADE DATA: CONVERGING DIVERGENCE

-----

15. (C) According to Zeng, both China and Argentina shared a positive outlook on the trade relationship, although their trade figures differed and each country wanted to improve its relative position in terms of the trade balance. Zeng noted that 2008's two-way trade volume grew to USD \$14.4 billion, with China exporting USD \$5 billion to Argentina and Argentina exporting USD \$9.4 billion to China. These figures represented 41.3% and 47.7% increases, respectively. Despite the increase in Argentine exports, Zeng acknowledged that Argentina complained during Hui's visit that its exports only increased in price, not in volume, due to the high price of soy. Chinese export growth, on the other hand, represented real growth with increases in both price and volume.

16. (C) Zeng further acknowledged that Argentine statistics alleged Argentina had a trade deficit with China while, according to Chinese statistics, Argentina had a trade surplus with China. Chinese Economic and Commercial Counselor Yang Shidi underscored this point in an interview with newspaper of record "La Nacion" published March 8, 2009. In it, Yang complained that Argentina was not applying the

MOU signed in November 2004 between then-Argentine President Nestor Kirchner and Chinese President Hu Jintao because Argentina was applying discriminatory antidumping measures and import restrictions against Chinese goods. Specifically, Yang stated Argentina was treating China unfairly and not granting China the benefits of market economy status as agreed in 2004. He highlighted the concern of Chinese industries and China's opposition to protectionism. According to the article, the statistics of the Argentine National Statistical Agency (INDEC) reflected a change from an Argentine tradesurplus of USD \$1.8 billion in 2003 to an Argentine trade deficit of USD \$700 million in 2008. (Note: Post contacts in the Argentine Economy and Foreign Ministries with trade policy responsibilities noted that Chinese allegations of an actual bilateral Argentine trade surplus are longstanding and based on China's arguments that a significant share of Argentine exports reach China via third countries. GoA sources called the Chinese interpretation of trade data farfetched, noting that the bulk of Argentine exports to China are primary commodities and that certificates of origin requirements in international commerce are routinely used to identify product sources following third country consolidation or transshipment. They expressed concern regarding the growing Argentine trade deficit with China.)

17. (C) In sum, the Argentines told the Chinese during Hui's visit that they wanted both to diversify Argentine exports to China from current domination by soy and soybean oil exports and to increase the exportation of value-added goods to China. According to Zeng, Argentina is China's fourth largest Latin American trade partner while China is Argentina's second largest export market worldwide. Overall, the Chinese seek to encourage increased exports to and investment in Argentina, while resolving points of bilateral friction in the trade relationship.

#### (U) ECONOMIC CRISIS AND G-20: COMPARING EXPERIENCES

-----

18. (C) Zeng noted that the global economic crisis came up in Hui's audiences with both CFK and Massa. With an eye towards the April 2 G-20 Summit in London, the Argentines stated they currently supported strengthening the supervision and control

of the international financial system and its institutions, as well as maintaining a healthy dialogue with China. The Chinese emphasized reinforcing the international financial system and proposed that all parties cooperate in supervising the international financial system. Argentine and Chinese officials also exchanged views on the positions and policies undertaken by their respective governments to confront the crisis.

(C) COMMON DIFFICULTIES IN IMPORTING CHINESE GOODS  
-----

¶9. (C) The Ambassadors exchanged U.S. and Chinese experiences working with the Argentine government, particularly Argentine Customs, to facilitate the entry of commercial goods into Argentina. Ambassador Wayne noted the problems that several U.S. companies encountered in attempting to import into Argentina goods made in China and asked whether the Chinese had had success engaging the Argentines on this issue. Zeng acknowledged that, while this was an important issue, Hui's delegation had not discussed it with the Argentines. Furthermore, the Chinese have had little success improving the entry of Chinese products into Argentina. Ambassador Wayne also highlighted that, apart from the instances discussed, the United States generally suffers less from Argentina's protectionist pressures because the U.S. primarily exports capital goods to Argentina not produced in this market, whereas the Chinese primarily export consumer goods to Argentina that are produced locally.

(U) SPOTLIGHT ON U.S.  
-----

¶10. (C) Zeng expressed interest in the intent of the new U.S. administration vis-a-vis Argentina and noted that China closely followed the new U.S. President's statements on Latin America. Ambassador Wayne highlighted President Obama's May 2008 campaign speech in Miami regarding Latin America and noted the strong willingness on both sides to continue improving the Argentine-U.S. bilateral relationship. Ambassador Wayne particularly noted the upcoming opportunities of the G-20 Summit and the Summit of the

Americas as fora where the United States would look to work with Argentina constructively. Zeng critiqued CFK for seeking condition-free financing for Argentina. Zeng assessed that Argentina could perhaps obtain loans under different conditions, but certainly not completely without conditions. Zeng seemed to imply a certain incredulity at the lack of realism in the Kirchners' demand, rhetorically asking, "who would lend money without conditions?"

¶11. (C) The Ambassadors contrasted U.S. trade issues in Argentina with those China encountered and each country's experience with the current economic crisis. In querying the extent to which the United States truly felt the crisis, Zeng acknowledged China too suffered a significant increase in unemployment and would suffer more if U.S. consumer confidence remained low. Zeng closed by noting the importance of dialogue and cooperation between the United States and China, praising Secretary Clinton's late February visit to China and specifically her consultations with Foreign Minister Yang Jiechi and Vice Foreign Minister He Yafei.

(U) ATMOSPHERICS  
-----

¶12. (C) The Ambassadors met at the Chinese Embassy in Buenos Aires. Zeng had just returned from a trip to San Juan province, and he intended to visit more of Argentina's provinces in the future. While Zeng exchanged pleasantries in Spanish, he launched into Chinese for his talking points but seldom referred to his notes. Third Secretary Jin Xiaopeng served as interpreter and notetaker for the Chinese and POLOFF accompanied Ambassador Wayne.

(U) COMMENT

-----  
¶13. (C) Zeng proved a willing and talkative interlocutor. After presenting the official line, he quickly provided grounded editorial comments that acknowledged tensions or discrepancies in the Sino-Argentine bilateral relationship. Similarly, although he was business-oriented, Zeng had a jovial demeanor and played a gracious host. Given Zeng's seniority within the Chinese MFA's Latin America department, he will be a key interlocutor regarding Chinese foreign policy in Latin America and a contact worth cultivating to monitor and understand China's plans and intentions in the region.

WAYNE